

12 June 1972

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MEMORANDUM FOR: Inspector General

SUBJECT : Evaluation and Productivity

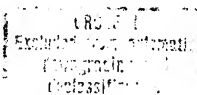
1. Thanks to the report on 'CIA Evaluation Systems -- Preliminary Observations' submitted by the IG, a useful discussion of productivity and evaluations took place at the Director's Annual Conference. While there was some discussion, if not dissent, as to your appraisal of what systems actually exist, there was general agreement that the subject requires more and continuing attention. The Director is particularly concerned as to the interrelationship between motivation of our personnel and productivity of their efforts, and the degree to which evaluations can contribute to maintaining these at a high level. He charged the Deputies with examining the actual status of their evaluation systems in their directorates (and D/ONE with a post-mortem review of NIE's five years after), and he called for a discussion of this subject in detail at a forthcoming Deputies Meeting. The evaluation assessment should include all sorts of post-mortems and assessments of effectiveness, in addition to any specific evaluation systems which may exist.

2. The Inspector General is directed to perform the staff supervision of the assembly of this study and the development of the appropriate agenda and backup material for a future discussion of evaluation systems at a Deputies Meeting. This should be carried out in close coordination with the directorates through whatever officer is nominated by each Deputy as a point of contact for his directorate. The meeting agenda should include the following subjects:

- a. Inventory of current evaluation systems;
- b. Utilization of evaluation systems in program, personnel and other decision-making;

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- 2 -

c. Interrelationships and comparability of evaluation systems;

d. Critique of current evaluation systems and gaps, with reference to the needs of unit, office/division, directorate and Agency levels of management respectively;

e. Recommendations.

3. While we should move with all deliberate speed on this action, I think it important that the discussion and resultant recommendations be fully informed and responsive to CIA's unique requirements for flexibility, security, and adjustment to customer and policy needs. Thus, no date is established for this Deputies' discussion, but you and the Deputies' representatives should recommend a date which will give the time needed to do a thorough and sensitive study responsive to the Director's desires and appropriate for presentation to him.

/s/ WEC

W. E. Colby

Executive Director-Comptroller

cc: DD/I
DD/P
DD/S&T
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WEC:blp

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15 MAY 1972

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : CIA Evaluation Systems - Preliminary Observations

REFERENCES : (a) Ex Dir Memo to IG dtd 16 Feb 72, Same Subject
(b) IG Memo to Deputy Directors dtd 3 Mar 72, Same Subject

Having surveyed seventeen of the components that fall within the scope of your instructions to the IG-PPB Task Force, we believe we can now offer some preliminary observations on evaluation procedures presently extant in the Agency:

a. Evaluation systems vary significantly among components and directorates. A few offices have devoted considerable resources to assessing performance and have developed formal methodologies. Most offices, however, proceed with differing degrees of informality and attention to the problem.

b. All evaluation efforts depend on individual judgments made throughout the command ladder of a given component. The factors entering into these judgments are often difficult to specify. They include, but are not limited to, such invaluable things as historical experience, substantive expertise, sensitivity to current concerns of policy-makers, and awareness of actual intelligence requirements.

c. Formal requirements structures (production schedules, OD's, SORS and IGCP lists, etc.) act as a general framework to direct the programs of components. Within this framework, managers have considerable freedom in deciding how to allocate their efforts. Some of those efforts must be devoted to fulfilling informal, ad hoc requests. With the resources that remain available (and the amount of such resources varies from component to component), both collectors and producers self-initiate projects which they consider significant.

These formal and informal directions and self-generated studies have been promulgated by diverse sources and have been approved with varying degrees of precision and authority. Consequently, they do not lend themselves to use as standards or goals against which performance may be evaluated.

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d. For each component, judgments about the value of intelligence production are based almost exclusively on an understanding of the priorities of their consumers. In turn, this understanding is based on common sense, the flow of events, and instructions from the consumers themselves. Formal priority guidance such as DCID 1/2 is seen as either too static or too obvious to be of much use.

With the exception of the 1974 Program Call, there is no comprehensive mechanism which explicitly or precisely records the value judgments of components. Resource allocation decisions cannot be reliably used as indicators of such judgments because they reflect not only the relative priority of intelligence objectives, but also the feasibility of working against them.

e. Many components actively solicit consumer feedback in evaluating their product. Others, however, feel that such responses are pro forma and unreliable, difficult to obtain, and often too late to be of practical value. Consequently, they rely on their own judgments.

When feedback is received, it is generally informal and infrequently systematically recorded. It will usually take the form of letters, phone calls, and statements from consumers to office managers. The oral briefings and meetings given and attended by intelligence people are a frequent forum for such feedback.

Often the evaluation of an intelligence product cannot be done immediately, but must await the passage of time. In such cases, consumer feedback is rare, and many worthwhile accomplishments go unnoticed. Conversely, products that appear to be valuable in the short run may seem far less valuable from a longer-term perspective.

f. Few components quantify their evaluative judgments. The primary exceptions are FE and EUR Divisions in the Clandestine Service. Their officers grade raw reports from their field stations and array this data in order to assess performance against objectives. Many components compile statistics which describe their output in such terms as number of reports disseminated or published; this information, however, is not evaluative.


There is a strong tendency, especially among the production officers, to do "binary evaluations." Finished intelligence is judged either acceptable or not acceptable for publication. Once accepted, no further evaluations are explicitly made.

In many offices, managers use as the principal measure of satisfactory performance the absence of complaints from their superiors at the directorate level or from close consumers. It is unusual to find an office

that has promulgated distinct guidelines for striving toward excellence in output. Rather, most effort seems to be devoted to managing input. In turn, because the accounting system stresses living within the budget, some managers view the husbanding of their resources as a primary basis on which they will be evaluated.

g. No present evaluation effort permits a systematic comparison of the performance of a single component over several years or the performance of several different components in a single year. Moreover, within offices, managers do not make explicit their judgments about the relative performance of subdivisions.

h. Both producers and collectors have expressed a distrust of any formal evaluation system. They are concerned that such a system would not reflect their unique problems and could be misused. They feel that their evaluative efforts are either generally satisfactory for their needs or that major improvements are not possible.


William V. Broe
Inspector General

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Rationale for Development of Evaluation Procedures

An anomalous feature of the CIA is the fact that we have developed a successful way of doing things and at the same time have developed no effective way of justifying the things we do. It has long been assumed that evaluations are best done informally, that they are the business only of the individual component or directorate, and that any form of centralized evaluation is undesirable, if not impossible. A new set of pressures, however, is calling these assumptions into question.

The initial pressure for change is external. The people who allocate resources — both in OMB and the Congress — will not be satisfied much longer with the kind of program defenses we have offered in the past. The new people in these organizations (young Senators and their staffs, budget examiners, systems analysts, etc.) continue to chip away at our traditional special status. They are deeply concerned about productivity throughout the government. Consequently, they want data — not just pictures and stories — which will enable them to know how our collection, production, and support components are performing in relation to each other and to various intelligence targets. It is not possible to construct this overview of the Agency from the separate, necessarily limited evaluation systems that now exist in each component.

Other government agencies either provide this kind of central data or are preparing to do so. The Department of State, for example, has instituted an evaluation group under its IG staff. Within the IC structure, the NSCIC, the Net Assessment Group, and the Product Improvement Group of the IC Staff will be considering this problem. The Agency is in no position to respond to requests for such data, and our position could become increasingly untenable if nothing is done. It is probably true that we have performed better than many of the organizations that have extensive evaluation systems. This past performance, however, will not be accepted as a reason for now failing to develop an appropriate evaluation system in line with the rest of government.

If we can make it effective, this kind of system can help us with our internal management problems. It is clear that all of us rely on the overall evaluations of our managers. Although this practice is both inevitable and desirable, we should have some way of checking on the basis for those evaluations. It is true that we would know of exceptionally poor performance, both by the complaints of customers and by

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our own warning signals. The nature of bureaucracy, however, can conceal mediocre performance or unnecessary effort for unacceptably long periods.

There are, however, more significant reasons for moving ahead in this area. Each year resource decisions reflect our judgment on the best mix between programs. Given the present size of the Agency, however, we cannot make those decisions on any methodical basis other than broad parameters of obvious success or failure, or minor percentage changes from current levels allocated by bureaucratic proportion. If we had more precise feedback — and feedback that permitted intra- and inter-program comparisons — we would know better where additional money should be spent and where it could possibly be saved. With this kind of information as a "check," we could continue and even expand our policy of decentralized management.

The usual objection to development of an evaluation system is that many of our activities and values are intangible, variable, and unquantifiable. This is not a barrier, it is a challenge, and one which can be and has been met in a number of cases. In part, a system can assign values to intangibles. In part, the system can represent its own limitations and serve as a management tool with no pretensions to absolute truth. In part, it must be recognized that evaluations are made at present on each occasion resources are allocated, and that a system is an attempt at improvement rather than an assertion of perfection.

Evaluation systems of course have the potential danger of becoming the master rather than the servant of managers. They can become inflexible and stifle initiative at lower levels. This should not worry us. The Directorates and the Offices themselves should play an important role in making the evaluations. Moreover, none of us is going to placidly accept the results of evaluations which run counter to common sense. Instead, we will ask questions, and in so doing make explicit many of our own assumptions. As a result, the evaluation procedures will have to be continually modified; but in some cases, so will our common sense judgments. This impetus for questioning and rethinking decisions would probably be the primary advantage of more systematic evaluations. In other words, an evaluation system could never provide answers to the complex problems we face, but it could raise questions we might not recognize without it.

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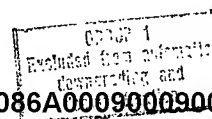
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Proposal for Future Action on Evaluation

A compatible set of evaluation systems in CIA must reflect the unique aspects of the Agency as a whole and of its individual components. At the same time, the systems must provide some common denominator for analyzing output which will satisfy both our internal and external management needs.

To develop the required procedures, a task force should be established, first to determine the precise requirements and then to insure that the systems established meet those requirements. This task force should have as its chairman a representative from the Office of the Inspector General and as vice-chairman, a representative from the Office of Planning, Programming, and Budgeting. Each directorate would have one member. These men would be able to explain the unique aspects of and represent the interests of their organizations. They should remember, however, that their primary responsibility is to provide the DCI with a means for evaluating the performance not only of their own directorate, but of the entire Agency. This task force will report its findings to the Inspector General to make recommendations for implementation to the Executive Director-Comptroller. Clearly, developing this kind of evaluation structure will be a formidable task, and there will have to be continual revision over the years. Nevertheless, I would hope to have systems functioning by the beginning of CY 1973.

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15 MAY 1972

TO: (Officer designation, room number, and building)

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OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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